

# Consolidated Financial Statements for the First Half of the Fiscal Year Ending December 31, 2015

August 7, 2015

These financial statements, prepared in accordance with accounting principles generally accepted in Japan, have been translated for reference only from the original Japanese-language document "KESSAN TANSIN." The entire format is pursuant to the requirements or guidance of Tokyo Stock Exchange. As for the contents, if there are any differences or discrepancies between the original Japanese-language and the English translation, the original Japanese-language supersedes this English translation.

## Bridgestone Corporation

Code number:5108

Stock exchange listings: Tokyo, Nagoya, Fukuoka

URL:<http://www.bridgestone.co.jp/>

Representative: Masaaki Tsuya, CEO and Representative Board Member Concurrently Chairman of the Board

Contact: Naoki Hishinuma, Treasurer, General Manager

Telephone: +81-3-6836-3100

Scheduled date of quarterly securities report submission:

August 7, 2015

Scheduled date of dividend payment commencement:

September 1, 2015

Supplementary information for the quarterly financial statements to be prepared:

Yes

Meeting to explain for the quarterly financial statements to be held:

Yes

(All amounts are rounded down to the nearest million yen)

## 1. Consolidated Results for the First Half of Fiscal 2015 (January 1, 2015 - June 30, 2015)

(1) Consolidated Operating Results (Percentage figures represent changes from the same period of previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
Six months ended June 30, 2015	1,855,494	6.0	237,792	6.6	232,990	5.9	144,650	1.7
Six months ended June 30, 2014	1,750,259	2.6	223,152	17.2	219,963	18.9	142,243	21.5

(Note) Comprehensive Income: Six months ended June 30, 2015 ¥160,793 million [109.7%]  
Six months ended June 30, 2014 ¥76,663 million [(69.2%)]

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended June 30, 2015	184.69	184.45
Six months ended June 30, 2014	181.64	181.43

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of total equity to total assets
	Yen in millions	Yen in millions	%
As of June 30, 2015	3,886,380	2,240,390	55.7
As of December 31, 2014	3,960,908	2,146,657	52.4

(Reference) Total equity As of June 30, 2015 ¥2,166,182 million  
As of December 31, 2014 ¥2,075,685 million

## 2. Dividends

	Annual Dividend				
	1st quarter end	2nd quarter end	3rd quarter end	Year -end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2014	—	40.00	—	60.00	100.00
FY 2015	—	60.00	—	—	—
FY 2015 (Projection)	—	—	—	60.00	120.00

(Note) Changes from the latest forecasts released: No

## 3. Consolidated Projected Results for Fiscal 2015 (January 1, 2015 - December 31, 2015)

(Percentage figures represent changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen
FY 2015	3,900,000	6.2	524,000	9.6	506,000	9.2	320,000	6.5	408.59

(Note) Changes from the latest forecasts released: Yes

\* Notes

- (1) Changes in principal subsidiaries during the six months ended June 30, 2015 : No  
(Changes in specified subsidiaries involving change in consolidation scope)
- (2) Application of special accounting treatments for consolidated quarterly financial statements: Yes
- (3) Changes in accounting policy, changes in accounting estimates, and restatements
- |   |       |
|---|-------|
| 1) Changes due to revisions of accounting standards, etc. | : Yes |
| 2) Changes in accounting policy other than 1)             | : No  |
| 3) Changes in accounting estimates                        | : No  |
| 4) Restatements   | : No  |
- (4) Outstanding number of shares (common stock)
- |   |                    |
|---|--------------------|
| 1) Outstanding number of shares at period end (including treasury stock): |                    |
| June 30, 2015   | 813,102,321 shares |
| December 31, 2014   | 813,102,321 shares |
| 2) Number of shares of treasury stock at period end                       |                    |
| June 30, 2015   | 29,883,587 shares  |
| December 31, 2014   | 29,965,086 shares  |
| 3) Average outstanding number of shares (during the first half)           |                    |
| First Half ended June 30, 2015  | 783,189,443 shares |
| First Half ended June 30, 2014  | 783,090,292 shares |

\* Implementation status about the quarterly review

Although these financial statements are exempt from quarterly review procedures as required by the Financial Instruments and Exchange Act, a part of quarterly review based on Financial Instruments and Exchange Act were completed at the time of the disclosure of these financial statements.

\* Statement regarding appropriate use of forward-looking statements and other notes

Projections of consolidated results for fiscal 2015 announced on February 17, 2015 are revised in this document. The preceding descriptions of projections and plans are "forward-looking statements," which involve known and unknown risks and uncertainties. These variables could cause the Bridgestone Group's actual performance and financial results to differ substantially from management's projections and plans, and the statements are not guarantees of future business performance. For details, refer to "1. Qualitative Information for the First Half of Fiscal 2015, (3) Explanation of Projections of Consolidated Results", on page 5.

**[ Index ]**

<b>1. <u>Qualitative Information for the First Half of Fiscal 2015</u></b>	...P2
(1) Explanation of Consolidated Operating Results	...P2
(2) Explanation of Consolidated Financial Position	...P4
(3) Explanation of Projections of Consolidated Results	...P5
<b>2. <u>Other Information (Notes)</u></b>	...P6
(1) Application of special accounting treatments for consolidated quarterly financial statements	...P6
(2) Changes in accounting policy, changes in accounting estimates, and restatements	...P6
<b>3. <u>Consolidated Quarterly Financial Statements</u></b>	...P7
(1) Consolidated Balance Sheet	...P7
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	...P9
Consolidated Statement of Income	...P9
Consolidated Statement of Comprehensive Income	...P10
(3) Notes to the Consolidated Financial Statements	...P11
(Notes regarding going concern assumption)	...P11
(Notes regarding significant changes in the amount of shareholders' equity)	...P11
(Segment Information)	...P11

## 1. Qualitative Information for the First Half of Fiscal 2015

The Bridgestone Corporation is referred to as the “Company,” and the Company and its subsidiaries are referred to as the “Companies.”

### (1) Explanation of Consolidated Operating Results

#### 1) Sales and earnings

	FY 2015 1H (Six months ended June 30, 2015)	FY 2014 1H (Six months ended June 30, 2014)	Increase (Decrease)	
	Yen in billions 1,855.4	Yen in billions 1,750.2	Yen in billions 105.2	% 6
Net sales				
Operating income	237.7	223.1	14.6	7
Ordinary income	232.9	219.9	13.0	6
Net income	144.6	142.2	2.4	2

In the first half of fiscal 2015 (January 1 to June 30, 2015), the operating environment surrounding Companies was as follows: the Japanese domestic economy continued gradual recovery with an improvement in company financial performance and the employment environment while the appreciation of US dollar and lower price of crude oil continued. The United States economy continues steady recovery supported by an increase in consumer spending. The European economy has been affected by geopolitical risks, although it has been recovering. The Asian economic growth has shown signs of sluggishness represented by slower Chinese economic expansion. Overall, many international economies were recovering weakly while the political and economic situation remained unstable.

Under these operating conditions, the Companies continued their work to realize the ultimate goal of becoming “a truly global company” and achieving “Dan-Totsu in all aspects of our business.” Stepping up efforts on a global scale, the Companies were working harder than ever to anticipate market trends and competitors’ movements, as well as enhance technologies and promote innovation to increase the sales of highly competitive products and services, and building and enhancing business models to extend beyond the mere sales of products. Moreover, the Companies were striving to rapidly implement a range of initiatives to increase the sales of strategic products, strengthen supply capacity, improve manufacturing productivity, effectively utilize management resources, and develop eco-friendly products and businesses.

As a result, net sales in the first half of fiscal 2015 were ¥1,855.4 billion, an increase of 6% from the first half of fiscal 2014; operating income was ¥237.7 billion, an increase of 7%; ordinary income was ¥232.9 billion, an increase of 6%; and net income was ¥144.6 billion, an increase of 2%.

## 2) Segment Information

		FY 2015 1H (Six months ended June 30, 2015)	FY 2014 1H (Six months ended June 30, 2014)	Increase (Decrease)	
		Yen in billions	Yen in billions	Yen in billions	%
Tires	Net Sales	1,555.2	1,469.2	86.0	6
	Operating income	217.0	202.0	15.0	7
Diversified Products	Net Sales	311.6	288.8	22.8	8
	Operating income	20.6	21.0	(0.3)	(2)
Consolidated Results	Net Sales	1,855.4	1,750.2	105.2	6
	Operating income	237.7	223.1	14.6	7

In the tire segment, the Companies worked to maximize sales momentum by introducing appealing new products globally, enhancing strategic products and reinforcing fundamental competencies such as specification optimization, and responding promptly to demand fluctuation in each region.

In Japan, due to last-minute demand associated with the consumption tax rate increase in the previous year, the unit sales of passenger car and light truck tires decreased compared to the first half of fiscal 2014. The unit sales of truck and bus tires remained unchanged from the first half of fiscal 2014 due to an increase in the sales of original equipment tires. In the Americas, the unit sales of passenger car and light truck tires in North America increased firmly and the unit sales of tires for trucks and buses increased strongly compared to the first half of fiscal 2014. In Europe, the unit sales of passenger car and light truck tires increased steadily compared to the first half of fiscal 2014, as well as tires for trucks and buses. In Asia Pacific, the unit sales of passenger car and light truck tires remained unchanged from the first half of fiscal 2014 and the unit sales of truck and bus tires increased substantially compared to the first half of fiscal 2014. In China, the unit sales of passenger car and light truck tires increased substantially and the unit sales of truck and bus tires decreased substantially compared to the first half of fiscal 2014. In the specialty tire business, the sales volume of off-the-road radial tires for construction and mining vehicles remained unchanged from the first half of fiscal 2014.

As a result, net sales in the tires segment during the first half of fiscal 2015 were ¥1,555.2 billion, an increase of 6% from the first half of fiscal 2014; operating income was ¥217.0 billion, an increase of 7%.

In the diversified products segment, net sales were ¥311.6 billion, an increase of 8% from the first half of fiscal 2014 due to the depreciation of the yen; operating income was ¥20.6 billion, a decrease of 2% due to a decrease in the profit of domestic business.

*(Note) The amounts for segment results include inter-segment transactions that are eliminated in calculating the consolidated results.*

## **(2) Explanation of Consolidated Financial Position**

Assets, liabilities, and net assets positions at the end of the first half of fiscal 2015 were as follows.

### **(Assets)**

In assets, while investments in securities increased ¥18.4 billion, notes and accounts receivable, raw materials and supplies, and other in current assets decreased ¥65.3 billion, ¥10.0 billion, and ¥10.6 billion respectively. As a result, assets decreased ¥74.5 billion compared with the end of the previous fiscal year, to ¥3,886.3 billion.

### **(Liabilities)**

In liabilities, while income taxes payable increased ¥0.7 billion, accounts payable-other and long-term borrowings decreased ¥69.2 billion and ¥49.4 billion respectively. As a result, liabilities decreased ¥168.2 billion compared with the end of the previous fiscal year, to ¥1,645.9 billion.

### **(Net assets)**

In net assets, cash dividends paid were ¥46.9 billion and foreign currency translation adjustments decreased ¥20.8 billion, while net income was ¥144.6 billion and net unrealized gain on available-for-sale securities increased ¥25.8 billion. As a result, net assets increased ¥93.7 billion compared with the end of the previous fiscal year, to ¥2,240.3 billion.

Consequently, the ratio of total equity to total assets increased 3.3% compared with the end of the previous fiscal year, to 55.7%.

**(3) Explanation of Projections of Consolidated Results**

## 1) Comparison with fiscal 2014

The Companies' operating environment will continue to require careful attention due to such factors as fluctuations in exchange rates and the prices of raw materials and feedstock, an ongoing lack of clarity in the global economic situation and international political conditions that remain unstable.

Amid such a challenging business environment, the Companies project the following results through the implementation of Mid-Term Management Plan initiatives.

## FY 2015 projections

		FY 2015 Projections (Revised)	FY 2014 Results	Increase (Decrease)	
		Yen in billions	Yen in billions	Yen in billions	%
Net sales		3,900.0	3,673.9	226.0	6
Operating income		524.0	478.0	45.9	10
Ordinary income		506.0	463.2	42.7	9
Net income		320.0	300.5	19.4	6
Exchange Rate		Yen	Yen	—	%
	yen/dollar	120	106		13
	yen/euro	132	140		(6)

## 2) Revision of the projections

Actual results of operating income, ordinary income, and net income for the first half of the fiscal year ending December 31, 2015, exceeded the projections previously announced on February 17, 2015. This increase was the result of the favorable price of raw material and feedstock and initiatives to reduce expenses. Additionally, the Company reviewed its consolidated financial projections for the second half of the fiscal year ending December 31, 2015, which were not updated on May 11, 2015, and revised its full-year consolidated financial projections for the fiscal year ending December 31, 2015.

**Forward-Looking Statements**

The preceding descriptions of projections and plans are "forward-looking statements," which involve known and unknown risks and uncertainties. These variables could cause the Bridgestone Group's actual performance and results to differ substantially from management's projections and plans, and the statement are not guarantees of future business performance.

## **2. Other Information (Notes)**

### **(1) Application of special accounting treatments for consolidated quarterly financial statements**

(Calculation for income tax expense)

Income tax expense was calculated based upon an estimated effective tax rate for fiscal 2015.

### **(2) Changes in accounting policy, changes in accounting estimates, and restatements**

Changes in accounting policy

(Application of Accounting Standard for Retirement Benefits)

The Company has applied the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26 of May 17, 2012, hereinafter referred to as the “Retirement Benefits Accounting Standard”) and the “Guidance on the Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 of May 17, 2012, hereinafter “Retirement Benefits Guidance.”) from the first quarter of fiscal 2015 as provided in the main clause of Article 35 of the Retirement Benefits Accounting Standard and the main clause of Article 67 of the Retirement Benefits Guidance. With this application, calculation methods for retirement benefit obligations and service costs were revised as follows. The method for attributing projected benefits to periods changed from the straight-line basis to the benefit formula basis. In addition, determination of the discount rate changed from a method based on the number of years approximating the average remaining years of service of the employees to a method using a single weighted average discount rate reflecting the estimated period and amount of benefit payment.

In accordance with the transitional treatment prescribed in Section 37 of the Retirement Benefits Accounting Standard at the beginning of the first half of fiscal 2015, the effect of the accounting change in retirement benefit obligations and service costs was adjusted in retained earnings.

As a result, net defined benefit asset included in “Other” in “Investments and other assets” decreased by ¥14,472 million, net defined benefit liability increased by ¥14,223 million and retained earnings decreased by ¥18,729 million at the beginning of the first half of fiscal 2015. The effect of this change on operating income, ordinary income and income before income taxes and minority interests for the first half of fiscal 2015 was immaterial.

**3. Consolidated Quarterly Financial Statements****(1) Consolidated Balance Sheet**

(Yen in millions)

	FY 2014 (As of December 31, 2014)	FY 2015 1H (As of June 30, 2015)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits	390,444	398,856
Notes and accounts receivable	541,866	476,471
Short-term investments	149,239	143,669
Merchandise and finished products	388,393	406,662
Work in process	38,308	40,147
Raw materials and supplies	170,834	160,753
Other	209,992	199,335
Allowance for doubtful accounts	(11,430)	(11,925)
<b>Total Current Assets</b>	<b>1,877,649</b>	<b>1,813,970</b>
<b>Fixed Assets</b>		
<b>Tangible fixed assets</b>		
Buildings and structures, net	527,171	536,437
Machinery, equipment and vehicles, net	543,765	538,883
Other, net	473,238	462,856
<b>Total tangible fixed assets</b>	<b>1,544,174</b>	<b>1,538,177</b>
Intangible fixed assets	71,624	70,783
<b>Investments and other assets</b>		
Investments in securities	288,455	306,880
Other	185,520	162,519
Allowance for doubtful accounts	(6,515)	(5,951)
<b>Total investments and other assets</b>	<b>467,459</b>	<b>463,448</b>
<b>Total Fixed Assets</b>	<b>2,083,258</b>	<b>2,072,409</b>
<b>Total Assets</b>	<b>3,960,908</b>	<b>3,886,380</b>

(Yen in millions)

	FY 2014 (As of December 31,2014)	FY 2015 1H (As of June 30,2015)
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Notes and accounts payable	198,166	193,936
Short-term borrowings	221,478	208,229
Current portion of bonds	—	30,000
Lease obligations	7,431	1,146
Income taxes payable	46,489	47,225
Provision for recall	7,894	3,439
Accounts payable-other	191,240	122,027
Other	303,497	299,297
<b>Total Current Liabilities</b>	<b>976,198</b>	<b>905,303</b>
<b>Long-term Liabilities</b>		
Bonds	120,000	90,000
Long-term borrowings	237,948	188,493
Lease obligations	6,136	6,130
Net defined benefit liability	314,567	312,438
Other	159,398	143,623
<b>Total Long-term Liabilities</b>	<b>838,051</b>	<b>740,686</b>
<b>Total Liabilities</b>	<b>1,814,250</b>	<b>1,645,989</b>
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Common stock	126,354	126,354
Capital surplus	123,008	123,027
Retained earnings	1,842,914	1,921,846
Treasury stock - at cost	(56,367)	(56,218)
<b>Total Shareholders' Equity</b>	<b>2,035,908</b>	<b>2,115,010</b>
<b>Accumulated Other Comprehensive Income</b>		
Net unrealized gain on available-for-sale securities	168,172	194,064
Deferred gain(loss) on derivative instruments	(2,189)	(879)
Foreign currency translation adjustments	39,108	18,271
Remeasurements of defined benefit plans	(165,314)	(160,284)
<b>Total Accumulated Other Comprehensive Income</b>	<b>39,776</b>	<b>51,172</b>
Stock Acquisition Rights	1,945	2,479
Minority Interests	69,026	71,729
<b>Total Net Assets</b>	<b>2,146,657</b>	<b>2,240,390</b>
<b>Total Liabilities and Net Assets</b>	<b>3,960,908</b>	<b>3,886,380</b>

**(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**

Consolidated Statement of Income First Half	(Yen in millions)	
	FY 2014 1H (Six months ended June 30, 2014)	FY 2015 1H (Six months ended June 30, 2015)
Net Sales	1,750,259	1,855,494
Cost of Sales	1,088,588	1,130,576
Gross Profit	661,671	724,917
Selling, General and Administrative Expenses		
Goods freightage expenses	72,977	78,868
Advertising and promotion expenses	59,937	65,578
Salaries, allowances and bonuses	115,241	133,162
Retirement benefit expenses	9,587	13,252
Depreciation	13,910	15,253
Research and development expenses	44,503	46,515
Other	122,360	134,494
Total selling, general and administrative expenses	438,518	487,124
Operating Income	223,152	237,792
Non-operating Income		
Interest income	2,484	2,881
Dividend income	6,246	6,120
Other	10,919	9,166
Total non-operating income	19,649	18,168
Non-operating Expenses		
Interest expense	7,396	6,216
Foreign currency exchange loss	6,470	4,306
Other	8,970	12,448
Total non-operating expenses	22,838	22,971
Ordinary Income	219,963	232,990
Extraordinary Income		
Gain on sales of tangible assets	5,210	—
Gain on sales of investment securities	3,316	10,162
Total extraordinary income	8,527	10,162
Income before Income Taxes and Minority Interests	228,491	243,153
Income Taxes	81,844	92,755
Income before Minority Interests	146,646	150,398
Minority Interests	4,403	5,748
Net Income	142,243	144,650

Consolidated Statement of Comprehensive Income  
First Half

(Yen in millions)

	FY 2014 1H (Six months ended June 30, 2014)	FY 2015 1H (Six months ended June 30, 2015)
Income before Minority Interests	146,646	150,398
Other Comprehensive Income (loss)		
Unrealized gain (loss) on available-for-sale securities	(32,369)	25,880
Deferred gain on derivative instruments	650	765
Foreign currency translation adjustments	(43,616)	(19,845)
Remeasurements of defined benefit plans	6,750	5,007
Share of other comprehensive income in affiliates	(1,399)	(1,411)
Total other comprehensive income	(69,983)	10,395
Comprehensive Income	76,663	160,793
Comprehensive income attribute to:		
Shareholders of Bridgestone Corporation	73,577	156,045
Minority Interests	3,085	4,747

**(3) Notes to the Consolidated Financial Statements**

(Notes regarding going concern assumption)

Not applicable

(Notes regarding significant changes in the amount of shareholders' equity)

Not applicable

(Segment Information)

Information about Sales and Income (Loss) by reportable segment

FY 2014 First Half (Six months ended June 30, 2014)

(Yen in millions)

	Tires	Diversified Products	Total	Adjustments (Note)	Consolidated
Net sales:					
External customers	1,467,468	282,791	1,750,259	—	1,750,259
Inter-segment	1,732	6,062	7,795	(7,795)	—
Total	1,469,201	288,853	1,758,054	(7,795)	1,750,259
Segment income (Operating income)	202,088	21,060	223,148	4	223,152

(Note) Adjustments of segment income refer to elimination of intersegment transactions.

FY 2015 First Half (Six months ended June 30, 2015)

(Yen in millions)

	Tires	Diversified Products	Total	Adjustments (Note)	Consolidated
Net sales:					
External customers	1,552,615	302,878	1,855,494	—	1,855,494
Inter-segment	2,652	8,782	11,434	(11,434)	—
Total	1,555,267	311,660	1,866,928	(11,434)	1,855,494
Segment income (Operating income)	217,090	20,699	237,789	3	237,792

(Note) Adjustments of segment income refer to elimination of intersegment transactions.